

Illinois U Library JANUARY 18, 1947

Town Meeting



BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR
BROADCAST BY STATIONS OF THE AMERICAN BROADCASTING CO.



Should Rent Ceilings Be Lifted?

Moderator, GEORGE V. DENNY, JR.

Speakers

HERBERT U. NELSON

ALBERT GORE

Interrogators

DOUGLAS WHITLOCK

R. J. THOMAS

(See also page 14)

COMING

—January 23, 1947—

**Can Business Afford a Twenty-Five Per Cent
Increase Without Raising Prices?**

—January 30, 1947—

**How Can Atomic Energy Be Used
and Controlled?**

Published by THE TOWN HALL, Inc., New York 18, N.Y.

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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



JANUARY 16, 1947

VOL. 12, No. 38

Should Rent Ceilings Be Lifted?

Announcer:

Yes, friends, it's Town Meeting time and time for your favorite radio forum, America's Town Meeting of the Air, brought to you each week by Town Hall, New York, and the American Broadcasting Company.

There are in general two ways to solve conflicts between men, groups, or nations. One is by force, the other is by reason. When men of good will reason together to try to decide what is best to do, they usually find a just and fair solution to their problems.

When they use force, whether it be political force or force of arms, there is no assurance that justice will prevail, and most of us are interested in achieving justice.

So let's plan to reason together about tonight's important question. Now, here is our moderator, the president of Town Hall, New York, founder of America's Town Meeting of the Air, Mr. George

V. Denny, Jr. Mr. Denny. (*Applause.*)

Moderator Denny:

Good evening, neighbors. Tonight we are happy to welcome 32 new sponsors in 32 different cities. In those cities you've just heard their names—the names of these new friends of Town Hall and old friends of yours.

As we explained to you last week, America's Town Meeting has just been made available for cooperative sponsorship, so that now this program which has become a national institution may be brought to you each week through the courtesy of a leading public-service minded business institution in your community.

Until a local sponsor is secured, the program will continue to be carried by almost all ABC stations on a sustaining basis. By this step, your Town Meeting will reach the widest possible audience as it becomes closely identified with more

than 200 local communities throughout the Nation.

Now, tonight we turn to a question that involves very directly the homes of about half of the American people, and indirectly it concerns all of us, as it's one of our major economic problems.

Are you a landlord or are you a tenant?

Do you think that present rent ceilings should be lifted or should they remain?

Now, friends, try to be as scrupulously fair in your thinking about these arguments tonight, that you are about to hear from Mr. Herbert U. Nelson, executive vice-president of the National Association of Real Estate Boards, who thinks rent controls should be lifted, and Congressman Albert Gore, Democrat of Tennessee, who thinks they should not, for the very essence of Town Meeting is encouraging you to be thoughtful, objective, and fair in the points of view that are presented.

Mr. Douglas Whitlock, attorney and chairman of the Building Products Institute of Washington, D.C., and Mr. R. J. Thomas of Detroit, chairman of the C.I.O. Committee on Housing, will be our special interrogators.

Let's start by turning the tables on our interrogators and asking them just what the situation is now. Mr. Thomas, will you tell us briefly just how rent controls or ceilings are maintained now?

Mr. Thomas: Federal rent control was enacted in the Emergency Price Control Act of 1942, by the Congress of the United States. Under this Act, the Federal Government has the power to select rental areas and to control all rental housing in these areas, including hotels, rooming houses, houses, apartments, flats, and tenements. It does not apply to commercial rents.

Rents are set by selecting a maximum rent date for each rent control area and the rents set must not exceed those in effect on that date.

Rental controls on rooming houses and hotels have already been removed to take effect on February 15, 1947, except for permanent residents.

The Rent Control Act expires this coming June 30, 1947. The Act, in addition to fixing rent ceilings, offers vitally needed protection to tenants against unwarranted evictions.

Moderator Denny:

Thank you, Mr. Thomas. Now, Mr. Whitlock, how could these rent controls be lifted at this time?

Mr. Whitlock: Thank you, Mr. Denny. Rent controls can be lifted now by two means—first, President Truman or General Fleming, his administrator of the newly-created Office of Temporary Controls, can decontrol present rent areas now under the rent control that was referred to by Mr.

Thomas, and cease putting any other areas under rent control.

Second, the Congress of the United States could repeal the Emergency Price Control Law, specifically authorizing the Federal Government to establish rent areas and rent controls, and further to amend the presidential powers under the Emergency War Powers Act to prevent the President accomplishing rent control in an indirect manner.

Unless Congress takes this immediate action, the present law authorizing OPA, which is now administered by the new Office of Temporary Controls, will expire June 30, 1947. Therefore, any repeal or modification must be accomplished before that date.

If the wishes of Congress are to be observed, the emergency powers of the President must likewise be modified in accord with this decision of Congress.

Moderator Denny:

Thank you, Mr. Whitlock, for giving us the facts. Now, Mr. Herbert U. Nelson, let's hear the arguments. Mr. Herbert U. Nelson, executive vice-president of the National Association of Real Estate Boards, why do you think rent ceilings should be lifted now? Mr. Nelson. (*Applause.*)

Mr. Nelson:

Well, Congressman Gore, I think that rent control should be lifted right away by Congress. It

should be lifted on new housing construction immediately. The only way to meet the housing need is to encourage the building of new rental housing at every rent level so as to add to the total of housing supply quickly.

Rent control on old houses should be lifted also by Congress now. This should be done by a formula that will be fair to owners and tenants alike.

We're going to suggest to Congress that every owner who will give a year's lease to a tenant, with an increase of not more than fifteen per cent, should have his property stricken from the rent control register at once.

The other owners who would not do this would have to remain under control for another year. This is certainly fair to everyone. Tenants would be safe and we would have no picture of millions of tenants walking the streets after being evicted.

Now, Congressman, I want to make three points against present rent control. First, rent control promotes the hoarding of space by single individuals who want to live alone. In 1940, we had 2,677,000 living units occupied by just one person. Now, after four years of rent control, we have 3,481,000 living units occupied by only one person, or 30 per cent more.

These persons were the stay-at-homes who because of frozen rent and increased wages were able to

spread out and take more space than they needed. Rent was the cheapest thing they could buy with their added income. So they became over-consumers and hoarders of space. When the veterans came back and wanted a place for their families, they found that these single individuals had taken over the quarters that they should occupy.

Just think of it. If these single individuals were forced by competition of rent into doubling up and living two persons in three or four rooms, instead of alone, we would have almost a half million living units available right now for our 17 million veterans.

This would take the edge off the present housing demand. Rent control alone makes this kind of hoarding possible. It's all wrong.

Now, the second point I want to make, Congressman, is that we have to get rid of rent control to get any new construction in any volume. The millions of owners of small rental properties are not going to build any more until the rents are released on both old and new property.

Why would anybody be foolish enough to stick his head into such a noose?

If we take the ceilings off both the old and new property, we will encourage a tremendous production of all kinds of rental units for every kind of pocketbook. We always have people who build for

the high rental market and for the low rental market. The demand exists all along the line.

It's foolish to assume that the demand is only for low rental property. Release the industry and we will add to the total housing supply for rent. That's what a lot of the veterans want and what the industry wants.

Now, those who oppose this idea are the same kind of theorists who thought that keeping the controls on was the only way to get meat and other kinds of production. They have been proved completely wrong.

Here is an example I just got this evening from Grand Rapids. A man telephoned in and said he had just surveyed 100 property owners in that city who are now holding 115 units, vacant units, off the market, because they can't fix them up for tenants under present existing rent levels.

These property owners could also in 10 weeks put 480 additional units, which they could fix up and offer on the market and make available if the rent ceilings were taken off.

Now multiply this by hundreds of towns and cities and you can see how rent control is holding production back.

We have an example of what rent control does abroad. In England and France—and I've been to both of these countries and studied this matter—they put on rent con-

trol 30 years ago and they've had it on ever since and they've had a chronic shortage ever since. While with us, until the war began when we had no control, we always had an eight or ten per cent excess—vacancies—throughout the country.

Now, my third point is that rent ceilings should be done away with as soon as possible and we suggest the method so that we will be fair to millions of small investors in rental property.

Everybody thinks that the owner of rental property is a big fellow. There are eight million small owners of rental property and the typical rental property of this country is a single family house—six million of them. Most of the rest of the rental properties are in two and three and four-family buildings.

These small properties constitute two-thirds of all of the rental units that we have in the country. Now, these properties represent the savings of little people including the members of labor unions and retired professional people and, of course, sometimes even orphans and widows. This kind of property has always been the favorite type of investment of the great majority of American people.

Now, these little people have had their rents held to depression levels of 1941 and '42 while their costs have gone up from 50 to 100 per cent on the things they buy and on the things that they need

to maintain their properties. This is in spite of OPA figures which are given out sometimes, which are very unfair to these small people who, many of them, do not even keep account books.

Now, here's a story I read in Kansas City last Friday in the *Kansas City Times*. They were quoting one sample they found of a landlord in that city. They said "Meet the Big, Bad Landlord." They told in the editorial columns about a woman who had been left a sixteen apartment unit who lived in a little shack and who had to go on relief because there was no income from her property due to control.

So there are hardships on both sides. There are many such cases throughout the country and the hardships are not all on one side.

These eight million small owners of property do not want to be quarantined as though they were public enemies. They have performed a public service throughout the country in investing their savings in facilities for other families to rent. Now that the war powers are going to be done away with, rent control should be lifted, we think, from their shoulders.

Let me point out also, that during the war we hadn't done so badly. In 1940, we had 264 living units per 1000 population in our country and now, according to the latest census, we have 269, so that we have, as a matter of fact,

increased our housing supply during the war years. But the distribution is bad and it's bad partly because of rent control—perhaps largely, because of rent control.

Congressman, I want to ask you in all fairness, to be fair to all these millions of small investors. I want to ask you to agree to our system of decontrolling rent. (*Applause.*)

Moderator Denny:

Thank you, Mr. Nelson. Well, Congressman Gore, he's put it squarely into your lap. So we present the distinguished Democrat from Tennessee, Congressman Albert Gore, Congressman Gore. (*Applause.*)

Congressman Gore:

Good evening, friends. I'm sure you noticed, as I did, that Mr. Nelson strongly urged lifting all rent controls in one breath, while in the very next he advocated a gradual decontrol plan by upping everybody's rent 15 per cent, and that's the main point.

The question for discussion tonight, though, is not whether the rent control program should be modified, not the merits or the demerits of someone's pet scheme for cushioned decontrol, but should rent ceilings be lifted? And that means *now*.

Mr. Nelson says that what we need is an increase in the supply of houses. Now you and I can agree with him about that. We

do need more houses badly, but what I don't understand is how he thinks we will get more houses by either upping everybody's rent 15 per cent, or by taking the lid off rents completely.

That reminds me of the story of the cannibal who laid claim to a certain parcel of land upon the grounds that he ate the owner. (*Laughter and applause.*)

The high cost of building is now the chief deterrent to new building—not rent ceilings. The FHA places rent ceilings on new constructions, and they have been very liberal indeed, and so help me, I have not heard of one complaint about rent ceilings on new construction.

I am also at a total loss of how Mr. Nelson gets the idea that rent control is bad for war veterans. A lot of veterans I've been talking to and been receiving letters from don't think so at all. (*Applause.*)

You and I know that the veterans trying to go to school, pay rent, feed and clothe a family on \$90 a month will tell you or me or anybody else quick that they just can't pay a big increase in rent, whether it's 15 or 50 per cent. A lot of other people are having a hard job making ends meet, too, and pay present rents.

What are the facts about the housing shortage? Well, first, we do have a shortage, and an acute one. Mr. Nelson seems to think that this shortage is the result of

some deep-laid fascist or socialist scheme that he heard about over in Europe. I don't think so. I think there's a much simpler explanation.

In 1941, we built 715,000 houses, but on December 7 of that year, Pearl Harbor came and we had to turn our plowshares into swords. Houses and apartment houses could be postponed, but not tanks and bridges and ships and the thousand and one articles of war, so, houses had to be curtailed until in 1944 only 200,000 were built.

Now, if we hadn't had to fight a war, if the same rate of construction could have continued, we would have had nearly 2,000,000 more houses now than we do have. But, of course, that is spilled milk.

There is one thing that war did not stop, however. That is, the increase in our birth rate. A lot of people got married, too. Or maybe I should have put that first. (*Laughter and applause.*)

According to the estimates of the Census Bureau, we now have a population of approximately 141,000,000 in round numbers—an increase of almost 10,000,000 in the last six years. Also, the Census Bureau estimates that in 1940 we had 34,949,000 families. They estimate now that we have nearly 39,000,000.

These 10,000,000 new Americans, and these 4,000,000 new families are crowded into an inadequate supply of houses and that is just

why a house will rent for more and sell for a great deal more than its normal value. The cost of building is not the determining factor, it's the reason so many people want it.

In view of these facts, it is not difficult to prophesy what would happen if present controls were suddenly lifted. With an inadequate supply of houses on the one hand, and a perfect clamor for family dwellings on the other, the elimination of rent ceilings would result inevitably in three things, and a combination of three things: (1) sky-rocketing rents; (2) a wave of evictions; and (3) a nation-wide scramble to keep our heads under roofs.

Of course, some people have been able to move across the tracks. Some people have been able to move out of tumbledown shacks into better houses than they've been accustomed to. Some people's husbands have died.

About two-thirds of these people we've talked about living alone are old maids and widows. Now if we start forcing these old bachelors and these old maids together, we're really going to have a divorce rate in this country. (*Laughter and applause.*) That's just what Mr. Nelson advocates. Competition of rent, he says, you remember, will force these people to live together. Well, it forces them down, not up, because it will raise the rent so high that it will make

room at the top for those able to pay the top prices and crowd the middle-income people and the poor people all under one roof. And I'm against that. (*Applause.*)

Fortunately for me in this discussion, we know what did happen when rent ceilings were lifted just a few months ago. Of course, many landlords did not make rent increases during that temporary lifting of the ceilings back in July, but many did.

There was a scourge of eviction notices, a scourge of rent increases, some of them running as high as several hundred per cent. Let me give you just a few examples. In one 10-day period, from July 1 through July 9, over 3,500 cases of rent increases, and 1,904 eviction notices were reported in Kansas City alone.

Yes, we can agree with Mr. Nelson that we need more houses, but until we get more houses, we'd better keep rent ceilings. (*Applause.*)

Moderator Denny:

Thank you, Congressman Gore. Now, Mr. Whitlock, you've watched these gentlemen toss this ball back and forth between each other. It's time for you to tell us what you think about their arguments, directing your special attention to the gentleman from Tennessee.

We hear now from Mr. Douglas Whitlock, an attorney of Washington and chairman of the Build-

ing Products Institute. Mr. Whitlock.

Mr. Whitlock:

Mr. Denny, Congressman Gore made quite a point that high building costs have prevented the building of the new rental housing projects, and then at the same time he said that no complaint has been raised about rents on new housing. The reason there has been no complaint about rents on new housing is that there has been no new housing built to complain about the rents. (*Applause.*)

Congressman Gore also makes quite a point about the scarcity of housing, and he quotes you a lot of figures. I want to quote you from the Bureau of Census figures that in 1940 we had 34,855,000 houses, and in 1945 we had 37,600,000 or 3,000,000 more houses for these people to get into.

Now I say to you that he has completely ignored the question, except by a passing little joke about these people who in their single blessedness of living alone and liking it are hoarding apartments, and taking them away from veterans who need them. He hasn't answered that question.

Furthermore, he went on to say that this rent control, if continued, gave you the impression that housing would be created. Now the reason we didn't get housing and new housing built is because we couldn't get building materials because of price controls, because of

allocations, set asides, priorities, regulations that the Government theorists — the OPA theorists — down in Washington, placed on the construction industry.

Now that those controls have been lifted, building materials are flowing in an unprecedented quantity. The year ahead is going to see sufficient building materials to build all of the housing that America can build and America needs in 1947. He hasn't shown in his presentation the effect of that.

He went on to explain the effects of these rent controls when they were lifted in cities throughout the country.

The Bureau of Labor Statistics on December 6 gave a very important announcement in that respect which he completely overlooked. They pointed out in an examination of the metropolitan areas of this country that when rent controls went off while Mr. Truman was trying to decide whether to have OPA or not that only increases of three-tenths of one per cent resulted. In spite of all these examples that he gave—the sources of which he didn't disclose—the Government's own figures show only three-tenths of one per cent.

Rent control has to be removed if we're going to get rental housing the same as it had to be removed if we were going to get meat, building materials, or the other consumer goods that we're now getting. (*Applause.*)

Mr. Denny: Thank you, Mr. Whitlock. Now, your question for the Congressman. You've got a lot of papers here.

Mr. Whitlock: First, I want Congressman Gore to tell us — President Truman in a recent statement said that production is the answer to inflation and shortages. So just as meat production got under way by discarding the controls advocated by the OPA theorists, why won't rental housing also be gotten under way by discarding the controls now advocated by those same OPA theorists? (*Applause.*)

Congressman Gore: Well, to begin with, this is not a theory; this is a fact. If we do not want to pay the high price of steak, we can buy a roast. If the housewife doesn't want to pay the price of a fur coat, she can buy a cloth coat that will keep her warm, but science hasn't yet discovered a satisfactory alternative to houses. People just can't sleep out in the rain, the sleet, and the snow. (*Applause.*)

To give further answer to the question of production, in 1946, one million houses were started. We are having new construction. We're going to have more. The deterrent has not been rent ceilings, but it's the high cost of building now. Last year, it was largely the scarcity of materials.

Fortunately, by production which President Truman was talking

about, building materials are now becoming more plentiful.

Mr. Denny: Thank you. Mr. Whitlock, another question. (*Applause.*)

Mr. Whitlock: During the war, the so-called stay-at-homes spread out, and it took approximately three million individuals, about a million of whom are living alone in housing units, that some veteran with a wife or a family could now be occupying. Don't you believe that the economic force of rent competition should make these housing hoarders release their apartments or their houses for these veterans who can't find homes? (*Applause.*)

Congressman Gore: We all know that we went through a terrible depression, and many a poor fellow had to live with his mother-in-law. A lot of them have been able to increase their income. The national per capita income has risen a great deal. I am proud of that. I do not want to see these people forced back into tumble-down shacks.

No, I do not believe that because we have an inadequate supply of housing, that by rent competition, which means taking the lid off and let those people who have the money to do so, let them become the hoarders and force the people, who do not have the money, like tenpins into inadequate housing—I do not believe in it. (*Applause.*)

Mr. Denny: Thank you, Congressman Gore.

Mr. Denny: Well, Mr. Thomas, we've waited a long time to have you on America's Town Meeting, and we're delighted to have you with us here tonight. I know your guns are trained on Mr. Nelson, so let's have your analysis and questions. Mr. R. J. Thomas of Detroit, chairman of the C.I.O. Committee on Housing and a vice-president of the C.I.O. Mr. Thomas. (*Applause.*)

Mr. Thomas: Mr. Nelson, you know full well, as do all real estate men, that a normal vacancy ratio is five to ten per cent in the urban areas. There's not even a fraction of a per cent of vacancies in any American city today.

In this tight situation of unprecedented housing shortage, what do you propose? A phony decontrol system which forces the tenants, with a bludgeon over their heads, to sign a lease including a 15 per cent rent increase for at least a year.

Who would supervise what goes into these leases in addition to the 15 per cent increase? Imagine the social chaos in this country, if thousands of our workers would refuse to bind themselves, hook, line, and sinker, to one of your leases, Mr. Nelson, and were forced into the street.

We can all learn from what is happening in Flint, Michigan, today. Flint never had OPA rent

control. It had its own system. Now, the city has ordered all rents raised 15 per cent. Flint will end controls completely in March unless OPA steps in. Meanwhile, two automobile plants are about to open and bring 17,000 more workers and their families into that crowded city.

One man, I know there, is forced to pay \$25 a week for a single room. That is the kind of situation, Mr. Nelson, that you would create all over America.

Of course, it is true, as you say, if rents were freed of control and allowed to rise higher, millions more low-income families would be forced to share their quarters. This, no doubt, would produce some vacancies, and we can conclude that there is no longer a housing shortage.

One more point which you evade is the problem of evictions. Of course rent control protects tenants from unwarranted evictions which might be used to squeeze more rent out of them. I see nothing in your plan, Mr. Nelson, to stop wholesale evictions.

I do not think that anyone will deny that the real wages of the American workers have sharply declined since V-J day. The proposal to grant a 15 per cent rent increase means an additional four per cent increase in the cost of living.

Now, one last point, Mr. Nelson. You blame the entire hous-

ing shortage on rent control, and say that if landlords were allowed to charge higher rents, they would build a lot of rental units. This argument, of course, is sheer nonsense.

The reason for the lack of new rental constructions is the high cost of building and not rent control. (*Applause.*)

Mr. Denny: Now, let's hear your question for Mr. Nelson.

Mr. Thomas: First, Mr. Nelson, under the present system, a builder can get an average rent of \$80 plus \$3 a room for services. But you say that is not enough to encourage building of rental housing. Now, the question: How high a rent do you think you should get for new houses? And if you get more than \$80 a unit, who is going to live in those units? (*Applause.*)

Mr. Nelson: Mr. Thomas, the cost of building has doubled in the last ten years—in the last eight or nine years. That means that you have to get approximately twice as much rent on new construction if you're going to get the new construction. Now, you can't avoid economics, and that's a fact. So, in every community, the rent has to be flexible enough to allow for the differences in cost of construction.

In New York, it costs twice as much to build as it does in Savannah, Georgia, and you have to have that variability of rent. And I have heard many builders say

that in New York you cannot build under present rent control of FHA and OPA. (*Applause.*)

Mr. Thomas: Of course, Mr. Whitlock, said a moment ago that there was no complaint on new buildings. Mr. Nelson, why is it if landlords are suffering and real estate holdings under rent control are unprofitable, as you insist, that apartment house sale prices in all large cities and real estate bonds are on the increase?

Mr. Nelson: It is not a fact, Mr. Thomas, that real estate sales are on the increase. In fact, in the last three months, real estate sales throughout the country have dropped, and one of the major

factors has been the increase in cost of maintenance and the frozen rent, and we do not believe there will be any great movement or any great development of new property until the free market is restored. Now, a great many people were forced to buy during the past two or three years homes that they didn't want to buy because of the total lack of rental housing, and that created a false market for a while. But right now the market is leveled off throughout the country.

Mr. Denny: Thank you, Mr. Nelson. Now, there are a great many people out here in this representative Town Hall audience—

THE SPEAKERS' COLUMN

HERBERT UNDEEN NELSON — Executive vice-president of the National Association of Real Estate Boards since 1922, Mr. Nelson has also been a consultant to the Defense Housing Coordinator.

Mr. Nelson was born in Ellsworth, Wisconsin, in 1886. He is a graduate of the University of Minnesota. From 1913 to 1916, he was secretary of the Juvenile Protective Association of Hennepin County, Minnesota. From 1917 to 1921, he was secretary of the Minneapolis Real Estate Board. He was also secretary of the Minneapolis Planning Commission, and has been active in other groups concerned with real estate and housing.

Mr. Nelson has written several books and has contributed to real estate journals.

ALBERT ARNOLD GORE — Congressman Gore, Democratic Representative from Tennessee to the 76th, 77th, 78th and 80th Congresses, was admitted to the Tennessee bar in 1936, after receiving an LL.B. degree from the Y.M.C.A. Night Law School in Nashville. He also holds a B.S. degree from Tennessee State Teachers College. For four years he served as county superintendent of education in Smith County, Tennessee. Mr. Gore was commissioner of labor for the State of Tennessee in 1936-37.

Congressman Gore is a member of the Appropriation Committee of the House.

DOUGLAS WHITLOCK—Mr. Whitlock, an attorney, is chairman of the Building Products Institute and director of the Producers' Council.

ROLLAND LAY THOMAS—Mr. Thomas is vice-president of the C.I.O. and international vice-president of the United Automobile Workers, C.I.O., and chairman of the C.I.O. Committee of Veterans' Housing. Born in East Palestine, Ohio, Mr. Thomas was a student at Wooster (Ohio) College from 1919 to 1921. In 1922, Mr. Thomas became an automobile worker and in 1934 he was elected workers' representative at the Wollman Board election. Elected president of the Chrysler Local No. 7, U.A.W., in 1936, he went on to become vice-president of the International Union of United Automobile Workers, in 1937. Since 1938, he has been president of the latter group. Since 1939, he has held his current job with the C.I.O.

He is secretary-treasurer of the C.I.O. political action committee, and a member of the President's Labor Advisory Committee.

including my friend, Peter Grim, who locked horns with Wilson Wyatt here not long ago—who are ready to ask questions and in the meantime, let's begin with a brief pause for station identification.

Announcer: You are listening to America's Town Meeting of the Air brought to you by Town Hall and the American Broadcasting Company, originating in Town Hall, New York City. You have just heard Mr. Herbert U. Nelson, Congressman Albert Gore, Mr. Douglas Whitlock, and Mr. R. J. Thomas, discussing the question "Should Rent Ceilings Be Lifted?"

For your convenience, we print each week the Town Meeting Bulletin, containing a complete transcript of tonight's discussion including the questions and answers that follow. You may secure tonight's Town Meeting Bulletin by writing to Town Hall, New York 18, New York, and enclosing ten cents to cover the cost of printing and mailing. Remember the address: Town Hall,

New York 18, New York. And allow at least two weeks for delivery.

Now, in order that our Town Hall audience may be kept up-to-date with the last minute news, we bring you the latest developments from the ABC newsroom in New York:

The Secretaries of War and Navy have reached complete agreement on the merger of the country's armed forces. A brief White House announcement of the agreement, tonight, added only that the plan provides for an over-all Secretary of National Defense, plus separate chiefs for semi-independent army, navy, and air force departments. More details promised for tomorrow when top military commanders meet with newsmen.

Herman Talmadge still is in possession of the Georgia State House, but Ellis Arnall's battle to depose him may continue to next Monday, when the newly-elected Lieutenant-Governor is qualified.

Two top-ranking State Department officials, Dean Acheson and Will Clayton, have been accused of using their high positions for private gain.

President Truman met for the first time today with his Republican-dominated Big-Six Congressional Committee. All was harmony according to the first reports.

QUESTIONS, PLEASE!

Mr. Denny: Now, we're ready for questions from this representative Town Hall audience, starting with the lady down here in the center.

Lady: This question is directed to Mr. Nelson. If rent controls are lifted, should wages be increased at the same time to enable the "little man" to meet the increased expense?

Mr. Denny: Now, there's a young lady trying to combine next week's program with this one. All right. Go ahead, Mr. Nelson.

Mr. Nelson: Rent is today the cheapest commodity you have because it was frozen four years back, and until rents are increased, regardless of any change in wages, you will not get new rental accommodations, built in any quantity that will satisfy the demand. That's a fact.

Mr. Denny: Mr. Thomas is on his feet on that one.

Mr. Thomas: If rents are increased, it's going to be inevitable that wages will have to go up farther due to the fact that if workers cannot live on a budget at what they're making today, certainly we can't ask them all to go and sleep in Central Park. They'll have to pay rent.

Mr. Denny: We'll have to take up that question next week when Harold Stassen and Robert Nathan

lock horns on that question. Yes, the gentleman in the balcony.

Man: I would like to ask Mr. Thomas has OPA been fair to property owners, when rents are frozen 15 per cent below the 1921-38 average, whereas all other items involved in the cost of living have increased 35 per cent above that average?

Mr. Thomas: I think the OPA has been fair, even under the circumstances which you mention, to property owners. When the rent controls were set, as I said in my statement, the vacancies in the United States, in practically every city amounted to somewhere around 10 per cent. There are no vacancies today, and as a result of no vacancies, the landlord is making more money as a general rule than he ever had before. Not only that, but landlords have had a tendency to do less decorating and repairs on their homes today than they ever had before. (*Applause.*)

Mr. Denny: Thank you. The gentleman on the second row.

Man: Representative Gore, in other industries when the costs had risen, the costs were passed on to the public, but not so in the real estate. If the price of steel went up, your car cost more. When their wages went up, you had to pay more to get that same car. But in real estate, if the coal has

gone up, which was \$7, an average before the war, which is now anywhere between \$11 to \$12, the real estate man pays it, and not the tenant.

Mr. Denny: Yes, we've got your point. Now, Congressman Gore, what do you say to that?

Congressman Gore: That's essentially the same as the previous question. Of course, things that real estate operators have had to buy, the wages they've had to pay, have gone up, but as Mr. Thomas pointed out, the increase in tenancy, the curtailment of expense in redecorating. For instance, I've been living in the same apartment for six years, and it's been painted once. The low cost—

Mr. Denny: That's a pretty good record for a Congressman. *(Laughter.)*

Congressman Gore: A survey has been made — several surveys have been made, responsible surveys—and they show that the net income from rental property is larger now than it was before the war. As evidence of that, rental property has gone up tremendously in price. If it was a bad investment, it wouldn't do that.

Mr. Denny: All right. Thank you, Congressman Gore. Here's Mr. Nelson.

Mr. Nelson: Congressman Gore, I want to say that your statement is utterly unfair. Out of the 15,-000,000 tenant units in this country, 10,000,000 are one, two, three,

and four-family units that never had any vacancies, and they cannot possibly have benefited from increased occupancy. Now, you ignore all of those small people, and you're talking about just a few big apartments that have had an increased occupancy, and remember you're talking about less than 15 per cent of the owners in the country when you talk that way.

Mr. Denny: All right, Congressman Gore. Come on.

Congressman Gore: Let's look at the record. There are 15,000,-000 units under rent control. Fifteen million applications for rent adjustments on properties have been received, which means that about one out of ten rental units have received rent adjustments.

Mr. Denny: Mr. Nelson, do you want to dispute those statistics?

Mr. Nelson: Yes, there have been about 1,000,000 requests received for rent adjustments, and a great many of those have been granted where there has been increased capital investments, such as a new bathroom or something added to the house, but there have been no increases in other cases.

Mr. Denny: Thank you. The gentleman down here.

Man: Despite the high cost of building materials, the people who are going to do the building have made plenty of money on total rentals of their apartments in the last six years and can well afford to pay the high cost of building

materials. Isn't it true, Mr. Whitlock, that the real reason for lack of construction is that there is a conspiracy afoot to hold back construction in order to keep the rent prices up? (*Applause.*)

Mr. Denny: Conspiracy from one side and conspiracy from the other. All right.

Mr. Whitlock: That question harks back to the days of the conspiracy on meat to keep meat from the American people. (*Shouts and applause.*) You know, that's the same argument we had before. When controls were taken off, we got our meat. When rent controls come off, we're going to get housing.

The reason we don't have housing today is because the high cost of producing rental housing is so great and the rent control so tight, that it is absolutely unprofitable for an investor to run the risk of building a new rental project and subject himself to these controls. Until we get rid of these controls, rental housing is going to be held back. (*Applause.*)

Mr. Denny: Thank you. Mr. Thomas?

Mr. Thomas: I like the example that we had when the controls were on meat. The meat situation and the home situation are two completely different situations. (*Applause.*) The American people knew that there was plenty of meat in the country that was being held deliberately off the mar-

ket. (*Applause.*) But there are no homes in America, there are no vacancies in America, and the raising of rents on homes will not produce one more home to live in in America by the raising of the rents. (*Applause.*)

Mr. Denny: Thank you. Mr. Nelson wants to get in on this.

Mr. Nelson: I want to say that, in my judgment, Mr. Thomas is just as wrong as he can be about that, for this reason. (*Laughter and applause.*) The entire market of rental housing is being liquidated and during the past three years fifteen per cent of all the rental units have been taken off the market and have been sold for owner occupancy or turned into commercial use. You can go down any street in your own home town and you can see houses that used to be rented and they're now occupied by stores, and for offices, and for all sorts of purposes. Controls are liquidating the rental market, and they're doing just the opposite from what Mr. Thomas said. (*Applause.*)

Mr. Denny: All right. You've got Mr. Gore on your elbow here, now.

Congressman Gore: Let's examine just a minute how this system of rent competition which you're advocating would work. You people are living in houses. If rent competition is left free, that means somebody will bid higher for your house. How're

they going to get you out? They'll evict you and let the man have it who'll pay the highest rent and that's how they're going to get more. (*Applause.*)

Mr. Denny: All right. Mr. Whitlock, do you have a question?

Mr. Whitlock: Congressman, you were in the last House when we had this question of getting controls off of the prices of building materials. We appeared before you and told you you'd get building materials if you would let us have a fair price to make a profit.

Finally, OPA was lifted, and since that time materials have been coming into supply faster and faster. The same economic principle that works there works in the competition of rent. Rent is a commodity just like a material, and it will only come into supply when production gets under way. We've got to produce rental units to bring the rents down. (*Applause.*)

Mr. Denny: One more comment on this question by Mr. Thomas.

Mr. Thomas: When Mr. Whitlock and Mr. Nelson were advocating taking controls off materials, they said, at that time, that it would produce more housing. Mr. Wilson Wyatt claimed, at that time, that supplies were coming on the market, and if they'd let him go, more houses would be built. Now that's exactly what is happening today. More materials

are coming to the market, but they're coming on to the market due to the subsidies and the other means which Mr. Wilson Wyatt put into effect. (*Laughter.*)

Mr. Denny: All right. We got Mr. Whitlock back again.

Mr. Whitlock: I'm sorry we can't let Wilson Wyatt rest in peace. (*Laughter.*) We've heard tonight about the million starts. I want to say to you people, you can't live in a start. We've got to have housing in this country and the only way we're going to get it is to give a profit incentive to people to produce houses. (*Applause.*)

Mr. Denny: Thank you. Now the gentleman up here in the balcony.

Man: I would like to ask the Senator and Mr. Thomas—

Mr. Denny: The Senator? (*Laughter.*)

Man: The Congressman, if they know, percentage-wise the increase in building employees' wages in the last five years in the metropolitan area of New York.

Mr. Denny: This isn't a quiz program but we'll see if they happen to know that. Do you know, Mr. Congressman, anything about the rise in the rates of labor in New York?

Congressman Gore: I do not know the particular amounts of the increase. There have been increases—there should have been increases that have allowed a lot

of people to move from one side of the tracks to the other, and I hope they stay on the right side.

Mr. Denny: Mr. Thomas, do you want to add something to that question?

Mr. Thomas: I don't happen to know specifically about the city of New York, but I know that nationally, from my understanding, the building trade's labor increase, or wage increase, has been approximately 30 per cent. And even figuring 30 per cent, which in my opinion is a high figure, with the amount of labor, the cost to build homes, it should not affect rental property over three per cent.

Mr. Denny: Thank you. Does the gentleman who asked that question want to rise and make a comment on those two answers?

Man: Just this, that I think the three per cent is a little out of order.

Mr. Denny: You think three per cent is a little out of order. All right. The gentleman in the front row here.

Man: This is for Mr. Nelson. When ceilings were lifted, for example, the meat prices rose, housewives refused to buy, not because they didn't want to feed the family, but because they couldn't afford it. If we raise rent ceilings, what would happen if the people cannot afford to pay the rent? Furthermore, to place—

Mr. Denny: All right, we've got that.

Man: You haven't heard my question yet.

Mr. Denny: Well, that was what you asked.

Man: Oh, no. The question is this: What would happen to tenants during the period of adjustment until rentals have leveled off to a stipulated normal? What would evicted people do in the interim?

Mr. Denny: Now there's an engineer's question for you, Mr. Nelson, in two parts. Double barreled.

Mr. Nelson: I predict that if rents are increased by 15 per cent as we request, there will be no eviction because that is a fair increase for everyone concerned and certainly is not a great increase for everyone.

Now what happens if you do not have any rent increase is that there is less and less and less rent property available for anybody. Then people who need housing have to get out and buy their own property. That's what happens. They have to buy and build their own houses and most people don't want to do it and most people can't afford to do it. So that if you don't get your rent increases, you're going to get greater hardships forced upon tenants who will ultimately be compelled to go out and buy property.

Mr. Denny: Thank you. The gentleman here.

Man: Mr. Whitlock. Is it not true that the cost of many building materials are still rising even since January 1 of this year?

Mr. Denny: Mr. Whitlock? Yes or no?

Mr. Whitlock: Well, the answer is generally no. The situation is this: With the removal of controls a readjustment in the manufacturing processes took place. Manufacturers began to spread out their lines to the normal channels of production. The low-cost items came into supply in place of the high-cost items which were being manufactured and sold at exorbitant prices for low-cost housing.

Now when these adjustments take place, the prices will go down. We're in a period of readjustment, and, by the time the spring building gets underway, you're going to find that the cost of materials has adjusted and that the price situation will have righted itself.

Mr. Denny: You're not surprised to see Mr. Gore at your shoulder now. (*Laughter.*)

Mr. Whitlock: No.

Congressman Gore: I'm wondering where this spring building he talks about is coming from. Just a few moments ago, they were saying there wasn't going to be any building. (*Laughter and applause.*)

Mr. Whitlock: I'm surprised that the Congressman talks like that because he just tried to point out that last year with controls

there were a million starts, as Mr. Wyatt said. Now with Mr. Wyatt gone and controls off, the million starts will probably be a million finished houses.

Mr. Denny: Mr. Thomas, what have you to say to that?

Mr. Thomas: In a free enterprise, such as we have in America, the argument has always been before that prices are driven down by competition. Prices can never be driven down except by competition, and I agree with that, and where there is no competition, where all housing is filled, prices and rent cannot be driven down. (*Applause.*)

Mr. Denny: Thank you. In the balcony.

Man: Congressman Gore. You said that a house will now sell for more than its normal value. Can you tell us, any of us, what is "more than normal value" in 50 or 200 words, more or less?

Congressman Gore: Well, the normal value is a thing which is generally understood to be that medium of price which prevails in normal times. We are not in normal times. We have the most acute housing shortage, not only in the history of this country but in the history of any country in the world. That has forced prices abnormally high, far above normal value. It has forced rents up wherever rent controls have not been applied. For instance, in my home town—a small village in

Tennessee where there is no rent control—I know personally of one house that sold for \$1,400 just a little while ago which is now renting for \$75 a month. It's perfectly ridiculous. (*Applause.*)

Mr. Denny: Thank you. Let's see if we have time for this question.

Man: Mr. Thomas. Wouldn't the problem be much more quickly solved—this whole housing problem if we stopped immigration for five years? (*Applause and boos.*)

Mr. Denny: Do you want to comment on that, Mr. Thomas? It's a little out of order. (*Applause.*)

Mr. Thomas: I didn't know the argument was on immigration tonight. I thought it was housing and I don't believe we should go into the immigration question now. (*Applause.*)

Mr. Denny: Thank you, Mr. Thomas. Now, we are going to get back to the subject when Mr. Nelson and Congressman Gore prepare their summaries for tonight's question and here is a message in the meantime from your announcer.

Announcer: Well, friends, you've heard both sides of tonight's question. In a few moments you will want to hear the summaries.

We want to take this opportunity to remind you that on March 20 in Washington, D.C., we will originate a special Junior Town Meeting broadcast on the im-

portant subject, "Should Our Public Schools Educate for Marriage and Family Relations?"

The students will be selected with the aid of the national senior high school newspaper, *Our Times*. All students in the Nation are invited to consult their principals or teachers of speech or English about this talent quest. Nominations must come through principals or sponsoring teachers by midnight, February 1.

Detailed information about the talent quest may be secured from the high school newspaper, *Our Times*, 400 South Front Street, Columbus, Ohio.

Junior Town Meetings patterned after America's Town Meetings are broadcast in more than a hundred communities throughout the Nation. Now for the summaries of tonight's discussion here is Mr. Denny.

Mr. Denny: Here is Congressman Gore with his summary of the negative of tonight's question, "Should Rent Ceilings Be Lifted?" Congressman Gore?

Congressman Gore: They should not because it would bring untold hardship to millions of people. There are not enough houses to allow free rent competition because it would allow hoarding and rationing by the biggest pocket-book and it would put poor people, working people, into inadequate housing. It would treat human beings as if they were tenpins,

stacking them up under a roof, thick as they could stand, because they didn't have the money to buy higher space.

Mr. Denny: Thank you, Congressman Gore. Now a final word from Mr. Herbert Nelson for the affirmative.

Mr. Nelson: Well, Mr. Gore, we favor the lifting of all controls on new housing so as to get lots of new construction and we favored raising the rents 15 per cent where a year's lease is granted so as to release investment money.

We want you to be fair to the present owners because unless you are you are not going to get a lot of new owners of rental property. You won't get rental housing unless you are fair to the existing owners. We feel that the continuance of these kinds of controls on eight million small home owners and property owners throughout the country is class legislation of the most vicious kind and we believe that we ought to get back to a free economy, which is a thing we fought this war for. (*Applause.*)

Mr. Denny: Thank you, Congressman Gore, Mr. Nelson, Mr. Whitlock, and Mr. Thomas for helping us think through this question which is before the Congress of the United States and the Amer-

ican people. Now, friends, if you really have opinions on tonight's question, why not sit down right now and write a letter, a thoughtful letter, to your Congressman? Be sure to tell him that you have heard both sides on America's Town Meeting of the Air. If you do that on typewriter paper, send us a copy so that we may know what you said.

Next week your Town Meeting returns to another hotly debated question, "Can We Have a 25 Per Cent Wage Boost Without Raising Prices?" Our speakers will be Mr. Robert R. Nathan, economist and former deputy director for reconversion of the OWMR, and former Governor Harold E. Stassen of the State of Minnesota and first avowed candidate for the 1948 Republican Presidential nomination.

As special interrogators we'll have Mr. James B. Carey, secretary-treasurer of the C.I.O. and Emerson P. Schmidt, director for economic research of the United States Chamber of Commerce.

This broadcast will originate in your moderator's home state, High Point, North Carolina. Remember that—High Point, North Carolina. So friends, we invite you to plan now to be with us next week and every week at the sound of the crier's bell. (*Applause.*)



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